

SENATE BILL NO. 292

INTRODUCED BY BARKUS, RYAN

A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING LOCAL GOVERNMENT AND STATE FINANCE LAWS; CHANGING THE START OF THE PERIOD TO CONTEST THE VALIDITY OF CERTAIN BONDS; CLARIFYING THE LAWS RELATING TO LOCAL GOVERNMENT ISSUANCE OF BOND OR GRANT ANTICIPATION NOTES; PROVIDING A BOND COMMENCEMENT DATE FOR CERTAIN BONDS; PROVIDING THAT CERTAIN REFUNDING BONDS NEED NOT BE SUBJECT TO REDEMPTION AFTER ONE-HALF OF THE BOND'S TERM; CLARIFYING THE TERM "SERIAL BONDS"; AUTHORIZING THE SUBMISSION OF BIDS ELECTRONICALLY AT A PUBLIC SALE OF BONDS; CLARIFYING THAT VARIABLE RATE REFUNDING BONDS MAY BE ISSUED BY A LOCAL GOVERNING BODY; CLARIFYING THE PROTEST PERIOD FOR RURAL SPECIAL IMPROVEMENT DISTRICTS; CLARIFYING THE ISSUANCE OF REFUNDING BONDS FOR SPECIAL IMPROVEMENT DISTRICTS; AUTHORIZING DELINQUENT WATER SERVICE CHARGES TO BECOME LIENS UPON THE PROPERTY SERVED OR TO BE COLLECTED AS A DEBT OF THE PROPERTY OWNER; CLARIFYING THE AUTHORITY OF CITIES TO ISSUE SIDEWALK, CURB, GUTTER, OR ALLEY APPROACH BONDS; CLARIFYING THE SECURITY OF BONDS FOLLOWING THE DISSOLUTION OF A COUNTY PARK DISTRICT; CLARIFYING THE MAXIMUM INTEREST RATE ON SPECIAL ASSESSMENTS SECURING BONDS; CLARIFYING THE AUTHORITY OF IRRIGATION DISTRICTS AND DRAINAGE DISTRICTS TO LEVY TAXES AND ASSESSMENTS; AUTHORIZING THE POOLING OF SPECIAL IMPROVEMENT DISTRICT BONDS AND SIDEWALK, CURB, GUTTER, OR ALLEY APPROACH BONDS; ~~EXEMPTING IRRIGATION DISTRICT SPECIAL TAXES FROM MILL LEVY REQUIREMENTS; AMENDING SECTIONS 7-7-104, 7-7-109, 7-7-2206, 7-7-2207, 7-7-2211, 7-7-2304, 7-7-4206, 7-7-4210, 7-7-4304, 7-7-4502, 7-12-2113, 7-12-2193, 7-12-4194, 7-13-4309, 7-14-4109, 7-16-2443, 17-5-103, 20-9-408, 20-9-410, AND 20-9-464, 85-7-1953, 85-7-1973, 85-7-2104, 85-7-2117, 85-7-2134, 85-7-2136, 85-8-601, 85-8-615, AND 85-8-618; MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.~~"

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

SECTION 1. SECTION 7-7-104, MCA, IS AMENDED TO READ:

"7-7-104. Limitation on action to test bond validity. No A local government general obligation bond

1 of any issue, ~~whereof in which~~ the preliminary proceedings have been submitted to and approved by the attorney
2 general, may not be held invalid because of any defect or failure to comply with any statutory provision relating
3 to the authorization, issuance, or sale of the bonds unless an action to contest the validity ~~thereof of the bonds~~
4 is brought within 30 days after the date of ~~sale~~ the adoption of the resolution calling for the sale of bonds of the
5 local government."

6
7 **Section 2.** Section 7-7-109, MCA, is amended to read:

8 **"7-7-109. Definitions -- sale of notes in anticipation of federal or state revenue or issuance of**
9 **bonds.** (1) As used in this section, the following definitions apply:

10 (a) "Bonds" means bonds, notes, warrants, debentures, certificates of indebtedness, and all instruments
11 or obligations evidencing or representing indebtedness, or evidencing or representing the borrowing of money,
12 or evidencing or representing a charge, lien, or encumbrance on specific revenue, special assessments, income,
13 or property of a political subdivision, including all instruments or obligations payable from a special fund.

14 (b) "Governing body" means the board, council, commission, or other body charged with the general
15 control of the issuance of bonds of a political subdivision.

16 (c) (i) "Political subdivision" means a county, city, town, school district, irrigation district, rural special
17 improvement district, special improvement district, county water or sewer district, or any other political
18 subdivision of the state.

19 (ii) The term does not include the state or any board, agency, or commission of the state.

20 (2) (a) When all conditions exist precedent to the offering for sale of bonds of a political subdivision in
21 any amount and for any purpose authorized by law ~~and~~ or the political subdivision has applied for and received
22 a commitment for a grant or loan of state or federal funds ~~or has received a commitment from a person or entity~~
23 ~~to purchase bonds to aid in payment of costs incurred or to be incurred for the authorized purpose~~, its governing
24 body may by resolution issue and sell, ~~notes~~ in anticipation of the receipt of the grant, loan, or bonds in an
25 amount not exceeding the total amount of bonds authorized ~~and~~ or the total amount of the loan or grant that is
26 committed, notes maturing within not more than 3 years from the date on which the notes are issued.

27 (b) The outstanding term of the notes issued under this section may not reduce the term of the bonds
28 otherwise permitted by law. Before the notes are issued, the political subdivision must receive a written
29 commitment ~~for a grant, loan, or bond purchase~~ for the purchase of the bonds or for the grant or loan in an
30 amount that in the aggregate is not less than the principal amount of the notes and shall by resolution agree to

1 fulfill any conditions of the commitment.

2 (3) The proceeds of the grant, loan, or bonds, when received, must be credited to the debt service fund
3 for the notes as may be needed for their payment, with interest, when due.

4 (4) ~~(a) Any amount of the notes that cannot be paid at maturity from the proceeds of the grant, loan, or~~
5 ~~bond sale or from any other funds appropriated by the governing body for the purpose~~ To the extent that
6 proceeds described in subsection (3) are not sufficient to pay the notes and interest on those notes when due,
7 the notes must be paid from any other funds that are legally available and appropriated by the governing body
8 for that purpose.

9 (b) If the notes are issued in anticipation of the issuance of bonds, any amount of the notes that cannot
10 be paid at maturity from the proceeds described in subsection (3) or (4)(a) must be paid from the proceeds of
11 bonds to be issued and sold before the maturity date, ~~or if~~

12 (c) If sufficient funds are not available for payment in full of the notes at maturity, the holders of the notes
13 have the right to require the issuance of bonds in exchange for the notes, with the bonds maturing as
14 amortization bonds, bearing interest at a rate, and secured over a term as provided in the resolution authorizing
15 the issuance of the notes.

16 (d) If notes are validly issued under then-applicable then-applicable law in anticipation of the issuance
17 of bonds, the political subdivision may issue bonds in a principal amount equal to the outstanding principal
18 amount of the notes, regardless of any limitation in the ~~then-applicable then-applicable~~ law concerning the
19 principal amount of the bonds.

20 (e) If the notes are issued in anticipation of the receipt of a grant or other revenue source and cannot
21 be paid at maturity from the proceeds described in subsection (3) or (4)(a), the political subdivision may, to the
22 extent otherwise authorized by law, issue bonds to provide for payment of those notes."

23
24 **Section 3.** Section 7-7-2206, MCA, is amended to read:

25 **"7-7-2206. Term of general obligation bonds.** (1) Bonds issued for any of the purposes designated
26 in 7-7-2201(1) through (4) may not be for a longer term than 20 years.

27 (2) Bonds issued for any of the purposes designated in 7-7-2201(5) and (6) may not be for a longer term
28 than 10 years.

29 (3) Bonds issued for any of the purposes designated in 7-7-2202 may not be for a longer term than 20
30 years.

(4) The length of the term required must be estimated and calculated by the board of county commissioners, based upon the percentage of valuation of the property upon which taxes are levied and paid within the county as ascertained from the last-completed assessment for state and county taxes, taking into account probable changes in the taxable valuation and losses in tax collections. Irrespective of any miscalculation by the county commissioners in fixing the term of the bonds, the county shall from year to year make a sufficient tax levy to pay the interest and installments on principal on the bonds as the payments are due.

(5) For purposes of 7-7-2207 and this section, the term of a bond issue commences on July 1 of the fiscal year in which the county first levies taxes to pay principal and interest on the bonds."

Section 4. Section 7-7-2207, MCA, is amended to read:

"7-7-2207. Redemption of bonds. ~~All~~ Other than refunding bonds, all bonds issued for a longer term than 5 years ~~shall~~ must be redeemable at the option of the county on any interest payment date after one-half of the term for which they were issued has expired, and ~~it shall be so~~ the redemption option must be stated on the face of the bonds."

Section 5. Section 7-7-2211, MCA, is amended to read:

"7-7-2211. Serial bonds. The term "serial bonds", as used in this part, means a bond issue payable in annual installments of principal commencing not more than 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal amount of bonds maturing or subject to mandatory sinking fund redemption in each installment, commencing with the installment payable in the fourth year after the date of issue, not exceeding three times the principal amount of the bonds ~~maturing payable~~ in the immediately preceding installment."

Section 6. Section 7-7-2304, MCA, is amended to read:

"7-7-2304. Interest rate on refunding general obligation bonds. (1) Except as provided in subsection (2), refunding bonds may not be issued unless the refunding bonds bear interest at a rate of at least 1/2 of 1% less than the outstanding bonds that are to be refunded. In determining whether the refunding bonds satisfy the savings requirements provided for in this section:

(a) if the bonds proposed to be refunded bear interest at a variable rate, the average annual interest rate on the bonds being refunded must be calculated by reference to the interest rate on the bonds currently in

1 effect and over the immediately preceding 5 complete fiscal years of the issuer; or

2 (b) if the variable rate bonds being refunded have not been outstanding for the period of time referred
3 to in subsection (1)(a), then the average annual interest rate on the bonds being refunded must be calculated
4 by reference to the interest rate on the bonds being refunded currently in effect and over the total number of
5 complete fiscal years of the issuer since the date of issuance of the bonds.

6 (2) Refunding bonds may bear interest in excess of the rate on the bonds being refunded if the issuance
7 of the refunding bonds, including the total costs of refunding the bonds, results in a reduction of total debt service
8 cost to the county. Variable rate refunding bonds may also be issued if the board of county commissioners
9 determines that the issuance of variable rate refunding bonds is reasonably expected to result in less
10 interest payable on the refunding bonds than the interest payable on the refunded bonds.

11 (3) Refunding bonds may be issued in a principal amount greater than the principal amount of the
12 outstanding bonds if there is a reduction of total debt service cost to the county."

13
14 **Section 7.** Section 7-7-4206, MCA, is amended to read:

15 **"7-7-4206. Redemption of bonds.** ~~All~~ Other than refunding bonds, all bonds issued for a longer term
16 than 5 years ~~shall~~ must be redeemable at the option of the city or town on any interest payment date after
17 one-half of the term for which they were issued has expired, and ~~it shall be so~~ the redemption option must be
18 recited in the bonds."

19
20 **Section 8.** Section 7-7-4210, MCA, is amended to read:

21 **"7-7-4210. Serial bonds.** The term "serial bonds", as used in this part, means a bond issue payable
22 in annual installments of principal commencing not more than 2 years from the date of issue, any one installment
23 consisting of one or more bonds, with the principal amount of bonds maturing or subject to mandatory sinking
24 fund redemption in each installment, commencing with the installment payable in the fourth year after the date
25 of issue, not exceeding three times the principal amount of the bonds ~~maturing payable~~ in the immediately
26 preceding installment."

27
28 **Section 9.** Section 7-7-4304, MCA, is amended to read:

29 **"7-7-4304. Interest rate on refunding general obligation bonds.** (1) Except as provided in subsection
30 (2), refunding bonds may not be issued unless the refunding bonds bear interest at a rate of at least 1/2 of 1%

1 less than the interest rate of the outstanding bonds to be refunded. In determining whether the refunding bonds
2 satisfy the savings requirements provided for in this section:

3 (a) if the bonds proposed to be refunded bear interest at a variable rate, the average annual interest
4 rate on the bonds being refunded must be calculated by reference to the interest rate on the bonds currently in
5 effect and over the immediately preceding 5 complete fiscal years of the issuer; or

6 (b) if the variable rate bonds being refunded have not been outstanding for the period of time referred
7 to in subsection (1)(a), the average annual interest rate on the bonds being refunded must be calculated by
8 reference to the interest rate on the bonds being refunded currently in effect and over the total number of
9 complete fiscal years of the issuer since the date of issuance of the bonds.

10 (2) Refunding bonds may bear interest in excess of the rate on the bonds being refunded if the issuance
11 of the refunding bonds, including the total costs of refunding the bonds, results in a reduction of total debt service
12 cost to the city or town. Variable rate refunding bonds may also be issued if the governing body determines that
13 the issuance of variable rate refunding bonds is reasonably expected to result in less interest payable on the
14 refunding bonds than the interest payable on the refunded bonds.

15 (3) Refunding bonds may be issued in a principal amount greater than the principal amount of the
16 outstanding bonds if there is a reduction of total debt service cost to the county."
17

18 **Section 10.** Section 7-7-4502, MCA, is amended to read:

19 **"7-7-4502. Interest rates on refunding revenue bonds.** (1) Except as provided in subsection (2),
20 refunding bonds may not be issued unless their average annual interest rate, computed to their stated maturity
21 dates and excluding any premium from the computation, is at least 3/8 of 1% less than the average annual
22 interest rate on the bonds being refunded, computed to their respective stated maturity dates. In determining
23 whether the refunding bonds satisfy the savings requirements provided for in this section:

24 (a) if the bonds proposed to be refunded bear interest at a variable rate, the average annual interest
25 rate on the bonds being refunded must be calculated by reference to the interest rate on the bonds currently in
26 effect and over the immediately preceding 5 complete fiscal years of the issuer; or

27 (b) if the variable rate bonds being refunded have not been outstanding for the period of time referred
28 to in subsection (1)(a), the average annual interest rate on the bonds being refunded must be calculated by
29 reference to the interest rate on the bonds being refunded currently in effect and over the total number of
30 complete fiscal years of the issuer since the date of issuance of the bonds.

(2) Refunding bonds may bear interest at a rate lower or higher than the bonds being refunded if:

(a) they are issued to refund matured principal or interest for the payment of which revenue on hand is not sufficient;

(b) the refunding bonds are combined with an issue of new bonds for reconstruction, improvement, betterment, or extension and the lien of the new bonds upon the revenue of the undertaking must be junior and subordinate to the lien of the outstanding bonds being refunded, under the terms of the ordinances or resolutions authorizing the outstanding bonds as applied to circumstances existing on the date of refunding; or

(c) the issuance of the refunding bonds, including the total costs of refunding the bonds, results in a reduction of total debt service cost to the municipality; or

(d) the governing body determines that the issuance of variable rate refunding bonds is reasonably expected to result in less interest payable on the refunding bonds than the interest payable on the refunded bonds."

Section 11. Section 7-12-2113, MCA, is amended to read:

"7-12-2113. Resolution creating district -- power to order improvements. (1) Before ordering any of the proposed improvements, the board of county commissioners shall pass a resolution creating the special improvement district in accordance with the resolution of intention ~~thereof~~ that is introduced and passed by the board.

(2) The board ~~shall be deemed to have acquired~~ has jurisdiction to order improvements immediately upon the occurrence of the following conditions:

(a) when ~~no~~ sufficient protests have not been delivered to the county clerk within ~~45~~ 30 days after the date of the first publication of the notice of the passing of the resolution of intention;

(b) when a protest ~~shall have~~ has been found by ~~said~~ the board to be insufficient or ~~shall have~~ has been overruled; or

(c) when a protest against ~~the extending of~~ the proposed district ~~shall have~~ has been heard and denied."

Section 12. Section 7-12-2193, MCA, is amended to read:

"7-12-2193. Refunding bonds. (1) A county may issue special improvement district bonds for the purpose of providing the money needed to pay principal of and interest on outstanding special improvement district bonds. To issue bonds for that purpose, the board of county commissioners, at a regular meeting or a

1 duly called special meeting, shall adopt a resolution setting forth:

2 (a) the facts regarding the outstanding bonds that are to be refunded;

3 (b) the reasons for issuing refunding bonds; and

4 (c) the term and details of the refunding bonds.

5 (2) If the refunding bonds are proposed to be issued in an amount greater than the amount of
6 outstanding bonds to be refunded, the board may not authorize the issuance of the bonds until it has conducted
7 a public hearing on the desirability of issuing the bonds, after published and mailed notice as provided in
8 7-12-2105(2), and found by resolution that the issuance of refunding bonds is in the best interest of the special
9 improvement district.

10 (3) After the adoption of the required resolution or resolutions, the board may:

11 (a) sell the refunding bonds at a private negotiated sale; or

12 (b) at its option, give notice of the sale and sell the refunding bonds in the same manner that other
13 special improvement district bonds are sold.

14 (4) Bonds may not be refunded by the issuance of refunding bonds unless:

15 (a) (i) the bonds to be refunded bear interest at a fixed rate or rates and the rate of interest offered on
16 the refunding bonds is at least 1/2 of 1% a year less than the rate of interest on the bonds to be refunded; ~~or;~~
17 ~~if~~

18 (ii) the refunding bonds are to bear interest at a variable rate and the board of county commissioners
19 determines that the issuance of variable rate refunding bonds is reasonably expected to result in less interest
20 payable on the refunding bonds than the interest payable on the refunded bonds; or

21 (iii) the bonds to be refunded bear interest at a variable rate; and the board determines that the issuance
22 of fixed rate refunding bonds is in the best interest of the owners of property in the district and the county or the
23 board determines that the issuance of variable rate refunding bonds based on a different index or formula than
24 that of the refunded bonds is reasonably expected to result over the remaining term of the bonds to be refunded
25 in an interest rate at least 1/2 of 1% a year less than the rate of interest on the refunded bonds;

26 (b) there is, or will be on the next payment date, default in the payment of bond principal or interest; or

27 (c) 50% or more of the installments of special assessments levied in the special improvement district
28 and payable in a single fiscal year have been delinquent for at least 1 year.

29 (5) (a) Refunding bonds issued pursuant to this section may be issued to refund outstanding bonds in
30 advance of the date on which the bonds mature or are subject to redemption, but the proceeds of the refunding

bonds, less any accrued interest or premium received from their sale, must be deposited with other funds appropriated for the payment of the outstanding bonds in escrow with a suitable banking institution or trust company, which may be located either in or out of the state.

(b) Deposited funds must be invested in securities that are general obligations of the United States or securities the principal of and interest on which are guaranteed by the United States. The securities must mature or be callable at the option of the holder on the dates and bear interest at the rates and be payable on the dates as may be required to provide funds sufficient, with any cash deposited in the escrow account, to pay when due:

(i) the interest to accrue on each refunded bond to its maturity or redemption date, if called for redemption;

(ii) the principal on each refunded bond at maturity or upon the redemption date; and

(iii) any redemption premium.

(c) The escrow account must be irrevocably appropriated to the payment of the principal of an interest and redemption premium, if any, on the refunded bonds.

(d) Funds to the credit of the debt service fund for the payment of the refunded bonds and not required for the payment of principal or interest due prior to issuance of the refunding bonds may be appropriated by the board to the escrow account.

(e) The county may pay the reasonable costs and expenses of issuing the refunding bonds and of establishing and maintaining the escrow account.

(6) Refunding bonds may be issued under this section to pay principal of or interest on special improvement district bonds outstanding on April 30, 1985, only if:

(a) the proceeds of the refunding bonds do not redeem the outstanding bonds until one-third or more of the term for which the bonds were issued has expired;

(b) there is a deficiency in the bond account or interest account of the special improvement district fund from which the bonds are payable; or

(c) 50% or more of the installments of special assessments levied in the special improvement district and payable in a single fiscal year have been delinquent for at least 1 year."

Section 13. Section 7-12-4194, MCA, is amended to read:

"7-12-4194. Refunding bonds. (1) A city may issue special improvement district bonds for the purpose of providing the money needed to pay principal of and interest on outstanding special improvement district

bonds. To issue bonds for that purpose, the city council, at a regular meeting or a duly called special meeting, shall adopt a resolution setting forth:

- (a) the facts regarding the outstanding bonds that are to be refunded;
- (b) the reasons for issuing refunding bonds; and
- (c) the term and details of the refunding bonds.

(2) If the refunding bonds are proposed to be issued in an amount greater than the amount of outstanding bonds to be refunded, the city council may not authorize the issuance of the bonds until it has conducted a public hearing on the desirability of issuing the bonds, after published and mailed notice as provided in 7-12-4106(2), and found by resolution that the issuance of refunding bonds is in the best interest of the special improvement district.

(3) After the adoption of the required resolution or resolutions, the council may:

- (a) sell the refunding bonds at a private negotiated sale; or
- (b) at its option, give notice of the sale and sell the refunding bonds in the same manner that other special improvement district bonds are sold.

(4) Bonds may not be refunded by the issuance of refunding bonds unless:

(a) (i) the bonds to be refunded bear interest at a fixed rate or rates and the rate of interest offered on the refunding bonds is at least 1/2 of 1% a year less than the rate of interest on the bonds to be refunded; ~~or,~~
if

(ii) the refunding bonds are to bear interest at a variable rate and the city council determines that the issuance of variable rate refunding bonds is reasonably expected to result in less interest payable on the refunding bonds than the interest payable on the refunded bonds; or

(iii) the bonds to be refunded bear interest at a variable rate; and the council determines that the issuance of fixed rate refunding bonds is in the best interest of the owners of property in the district and the city or the council determines that the issuance of variable rate refunding bonds based on a different index or formula than that of the refunded bonds is reasonably expected to result over the remaining term of the bonds to be refunded in an interest rate at least 1/2 of 1% a year less than the rate of interest on the refunded bonds;

(b) there is; or will be on the next payment date; default in the payment of bond principal or interest; or

(c) 50% or more of the installments of special assessments levied in the special improvement district and payable in a single fiscal year have been delinquent for at least 1 year.

(5) (a) Refunding bonds issued pursuant to this section may be issued to refund outstanding bonds in

1 advance of the date on which the bonds mature or are subject to redemption, but the proceeds of the refunding
2 bonds, less any accrued interest or premium received from their sale, must be deposited with other funds
3 appropriated for the payment of the outstanding bonds in escrow with a suitable banking institution or trust
4 company, which may be located either in or out of the state.

5 (b) Deposited funds must be invested in securities that are general obligations of the United States or
6 securities the principal of and interest on which are guaranteed by the United States. The securities must mature
7 or be callable at the option of the holder on the dates and bear interest at the rates and be payable on the dates
8 as may be required to provide funds sufficient, with any cash deposited in the escrow account, to pay when due:

9 (i) the interest to accrue on each refunded bond to its maturity or redemption date, if called for
10 redemption;

11 (ii) the principal on each refunded bond at maturity or upon the redemption date; and

12 (iii) any redemption premium.

13 (c) The escrow account must be irrevocably appropriated to the payment of the principal of an interest
14 and redemption premium, if any, on the refunded bonds.

15 (d) Funds to the credit of the debt service fund for the payment of the refunded bonds and not required
16 for the payment of principal or interest due prior to issuance of the refunding bonds may be appropriated by the
17 council to the escrow account.

18 (e) The city may pay the reasonable costs and expenses of printing the refunding bonds and of
19 establishing and maintaining the escrow account.

20 (6) Refunding bonds may be issued under this section to pay principal of or interest on special
21 improvement district bonds outstanding on April 30, 1985, only if:

22 (a) the proceeds of the refunding bonds do not redeem the outstanding bonds until one-third or more
23 of the term for which the bonds were issued has expired;

24 (b) there is a deficiency in the bond account or interest account of the special improvement district fund
25 from which the bonds are payable that will not be satisfied by a loan from the revolving fund; or

26 (c) 50% or more of the installments of special assessments levied in the special improvement district
27 and payable in a single fiscal year have been delinquent for at least 1 year."

28
29 **Section 14.** Section 7-13-4309, MCA, is amended to read:

30 **"7-13-4309. Procedure to collect sewer or water charges.** (1) Sewer or water charges must be

1 collected by the treasurer.

2 (2) On or before July 7 of each year, notice must be given by the city treasurer or town clerk to the
3 owners of all lots or parcels of real estate to which sewer or water service has been furnished prior to July 1 by
4 the city or town. The notice must specify the assessment owing and in arrears at the time of giving notice. The
5 notice must be in writing and must state the amount of arrearage, including any penalty and interest assessed
6 pursuant to the provisions of the city or town ordinance, and that unless the amount is paid within 30 days of the
7 notice, the amount will be levied as a tax against the lot or parcel of real estate to which sewer or water service
8 was furnished and for which payment is delinquent. The notice must also state that the city or town may by suit
9 collect past-due assessments, interest, and penalties, as a debt owing the city or town, in any court of competent
10 jurisdiction, including city court. The notice may be delivered to the owner personally or by letter addressed to
11 the owner at the post-office address of the owner as shown in property tax records maintained by the department
12 of revenue.

13 (3) (a) Except as provided in subsection (3)(b), at the time that the annual tax levy is certified to the
14 county clerk, the city treasurer or town clerk shall certify and file with the department of revenue a list of all lots
15 or parcels of real estate, giving the legal description of the lot or parcel, to the owners of which notices of
16 arrearage in payments were given and which arrearage remains unpaid and stating the amount of the arrearage,
17 including any penalty and interest. The department of revenue shall insert the amount as a tax against the lot
18 or parcel of real estate.

19 (b) In cities where the council has provided by ordinance for the collection of taxes, the city treasurer
20 shall collect the delinquent amount, including penalty and interest, as a tax against the lot or parcel of real estate
21 to which sewer or water service was furnished and payment for which is delinquent.

22 (4) A city or town may, in addition to pursuing the collection of assessments in the same manner as a
23 tax, bring suit in any court of competent jurisdiction, including city court, to collect the amount due and owing,
24 including penalties and interest, as a debt owing the city or town."
25

26 **Section 15.** Section 7-14-4109, MCA, is amended to read:

27 **"7-14-4109. Power to order certain improvements without creation of special improvement**
28 **district.** (1) Without the formation of a special improvement district, the city council may order sidewalks, curbs,
29 or gutters constructed in front of any lot or parcel of land and may order alley approaches constructed or
30 replaced adjacent to any lot or parcel of land.

1 (2) Whenever the council orders ~~any such a~~ sidewalk, curb, or gutter constructed or ~~any such an~~ alley
2 approach constructed or replaced, the order ~~shall~~ must be entered upon the minutes of the council and ~~shall~~
3 must name the street along which the sidewalk, curb, or gutter is to be constructed or along which the alley
4 approach is to be constructed or replaced.

5 (3) After ~~the making of such~~ issuing an order, the council shall provide a written notice ~~thereof shall be~~
6 ~~given~~ to the owner or agent of the owner and to any purchaser under contract for deed of ~~such the~~ property or
7 the owners or agents of all adjacent owners having access to their properties by the alley approach, as
8 appropriate, ~~in such manner as the council may direct~~.

9 (4) If the owner or agent of the owner of ~~such a~~ lot or parcel of land or if the owners or agents of all
10 adjacent owners having access to their property by the alley approach fail or neglect for a period of 30 days after
11 the date of service of the notice to cause ~~such the~~ sidewalk, curb, or gutter to be constructed or to cause ~~such~~
12 the alley approaches to be constructed or replaced, the city may construct or cause the sidewalk, curb, or gutter
13 to be constructed or may construct or cause the alley approach to be constructed and shall assess the cost
14 ~~thereof of those improvements~~, including engineering costs and the costs enumerated in 7-12-4121 and
15 7-12-4169, against the property in front of which ~~the same is~~ those improvements are constructed or against the
16 lots or parcels of land having access via the constructed alley approaches. The collection of the assessed costs
17 ~~shall be as is~~ provided in 7-12-4181 through 7-12-4191.

18 (5) (a) When any sidewalk, curb, or gutter or alley approach is constructed by or under direction of the
19 city council, payment for the construction ~~shall~~ must be made by special warrants or bonds in ~~such a~~ form ~~as~~
20 ~~may be that is~~ prescribed by ordinance or resolution and drawn against a fund to be known as the special
21 sidewalk, curb, and gutter fund or the special alley approach fund, ~~as appropriate, and the~~ The council may
22 provide for the payment of interest annually or semiannually. Except as otherwise expressly provided in
23 7-14-4110 and this section, the warrants or bonds that the city council authorizes may be issued subject to the
24 terms and security provisions provided in Title 7, chapter 12, parts 41 and 42.

25 (b) The warrants drawn on the special alley approach fund shall bear interest at a rate pursuant to
26 17-5-102."

27
28 **Section 16.** Section 7-16-2443, MCA, is amended to read:

29 **"7-16-2443. Effect of dissolution.** (1) If dissolution of a county park district is authorized by a majority
30 of the electorate of the district, the county governing body shall order the dissolution and file the order with the

1 county clerk. The dissolution is effective upon the earlier of the following:

2 (a) 6 months after the date of filing of the order; or

3 (b) certification by the members of the county park commission that all debts and obligations of the
4 district have been paid, discharged, or irrevocably settled.

5 (2) (a) If debts or obligations of the district remain unsatisfied after the dissolution of the district, the
6 county governing body shall, subject to 15-10-420 and for as long as necessary, levy a fee on each household
7 or a property tax on all taxable property that is in the territory formerly comprising the district in a sufficient
8 amount to be used to discharge the debts of the former district.

9 ~~(b) If the electors of the district lowered the amount to be levied for the operation of the district within~~
10 ~~2 calendar years prior to the election authorizing the dissolution, the county governing body may, subject to~~
11 ~~15-10-420, levy a property tax not to exceed the levy authorized prior to the reduction of the levy for the~~
12 ~~discharge of the district's obligations if the obligations are bonds. If bonds of the district issued under 7-~~
13 ~~16-2433 are outstanding as of the date of dissolution of the district, the county governing body shall levy property~~
14 ~~taxes on all taxable property in the district to provide for the payment of the principal of and interest on those~~
15 ~~bonds in accordance with their terms and the terms of the resolution of the district authorizing the bonds.~~

16 (3) Any assets of the district remaining after all debts and obligations have been discharged become
17 the property of the county."
18

19 **Section 17.** Section 17-5-103, MCA, is amended to read:

20 **"17-5-103. Rate of interest on special assessments determined by governing bodies -- limitations.**

21 All special assessments levied by a political subdivision ~~shall~~ must bear interest at ~~such a~~ such a rate or rates ~~as its~~
22 ~~determined by the political subdivision's governing body shall determine~~, except that ~~no such the~~ the rate ~~shall~~ may
23 not exceed the greater of 7% per annum or, in the event that the special assessments are appropriated for the
24 payment of principal and interest on bonds issued by the political subdivision, the rate of interest on ~~said the~~
25 bonds plus an additional rate of interest, if any, on assessments authorized by statute to pay the principal and
26 interest on those bonds."

27
28 **Section 18.** Section 20-9-408, MCA, is amended to read:

29 **"20-9-408. Definition of forms of bonds.** As used in this part:

30 (1) "amortization bond" means that form of bond on which a part of the principal is required to be paid

each time that interest becomes due and payable. The part payment of principal increases with each following installment in the same amount that the interest payment decreases, so that the combined amount payable on principal and interest is the same on each payment date. However, the payment on the initial interest payment date may be less or greater than the amount of other payments on the bond, reflecting the payment of interest only or the payment of interest for a period different from that between other interest payment dates. The final payment may vary from prior payments in amount as a result of rounding prior payments.

(2) "general obligation bonds" means bonds that pledge the full faith and credit and the taxing power of a school district;

(3) "impact aid revenue bonds" means bonds that pledge and are payable solely from federal impact aid basic support payments received and deposited to the credit of the account established in 20-9-514; and

(4) "serial bonds" means a bond issue payable in annual installments of principal commencing not more than 2 years from the date of issue, any one installment consisting of one or more bonds, with the principal amount of bonds maturing or subject to mandatory sinking fund redemption in each installment, commencing with the installment payable in the fourth year after the date of issue, not exceeding three times the principal amount of the bonds ~~maturing payable~~ in the immediately preceding installment."

Section 19. Section 20-9-410, MCA, is amended to read:

"20-9-410. Limitation of term and interest -- timing for redemption. (1) School district bonds may not be issued for a term longer than 20 years, except that bonds issued to refund or redeem outstanding bonds may not be issued for a term longer than 10 years unless the unexpired term of the bonds to be refunded or redeemed is in excess of 10 years, in which case the refunding or redeeming bonds may be issued for the unexpired term. ~~At~~ Other than refunding or redeeming bonds, all bonds issued for a longer term than 5 years must be redeemable at the option of the school district on any interest payment date after one-half of the term for which they were issued has expired, and ~~if~~ the redemption option must be ~~so~~ stated on the face of the bonds. The interest must be as provided under 17-5-102 and must be payable semiannually.

(2) For purposes of this section, the term of a bond issue commences on July 1 of the fiscal year in which the school district first levies taxes to pay the principal and interest on the bonds."

SECTION 20. SECTION 20-9-464, MCA, IS AMENDED TO READ:

"20-9-464. Statute of limitations -- action to test validity. ~~No~~ A bond of any issue, ~~whereof~~ in which

1 the preliminary proceedings have been submitted to and approved by the attorney general, ~~shall~~ may not be held
2 invalid because of any defect or failure to comply with any statutory provision relating to the authorization,
3 issuance, or sale of ~~said the~~ bonds, unless an action to contest the validity thereof ~~shall be~~ of the bonds is
4 brought within 30 days after the date of ~~sale~~ the adoption of the resolution calling for the sale of bonds of the
5 school district."

6
7 ~~Section 19.~~ Section 85-7-1953, MCA, is amended to read:

8 ~~"85-7-1953. Amount owed United States -- lien and special tax.~~ All amounts to be paid to the United
9 States under any contract made pursuant to this part between the district and the United States are a general
10 obligation of the district, and the amounts to be paid to the United States are a lien upon the irrigation system
11 of the district. Subject to 15-10-420, all ~~All~~ lands within the district or added to the district must be subject to a
12 special tax or assessment for the payment of all amounts to be paid to the United States under the contract
13 between the district and the United States. The special tax or assessment constitutes a first and prior lien on the
14 land against which the tax or assessment is levied to the same extent and with like force and effect as taxes
15 levied for state and county purposes."

16
17 ~~Section 20.~~ Section 85-7-1973, MCA, is amended to read:

18 ~~"85-7-1973. Amount owed state -- lien and special tax.~~ All amounts owed to the state under any
19 contract made under 85-7-1971 through 85-7-1975 between the district and the state of Montana establish a
20 general obligation of the district for payment, and any amounts to be paid to the state of Montana constitute a
21 lien upon the irrigation system of the district. Subject to 15-10-420, all ~~All~~ lands now within the district or added
22 to the district are subject to a special tax or assessment for the payment of all amounts owed to the state under
23 the contract between the district and the state of Montana. The special tax or assessment constitutes a first and
24 prior lien on the land against which it is levied to the same extent and with the same force and effect as taxes
25 levied for state and county purposes."

26
27 ~~Section 21.~~ Section 85-7-2104, MCA, is amended to read:

28 ~~"85-7-2104. Annual tax levy -- apportionment when tracts divided.~~ (1) (a) On or before the first
29 Monday in August each year, the board of commissioners of each irrigation district organized under parts 1 and
30 15 shall ascertain:

1 ~~—— (i) the total amount required to be raised in that year for the general administrative expenses of the~~
2 ~~district, including the cost of maintenance and repairs; and~~

3 ~~—— (ii) the total amount to be raised that year for interest on and principal of the outstanding bonded or other~~
4 ~~indebtedness of the district for which bonds of the district have not been deposited with the United States as~~
5 ~~provided in 85-7-1906.~~

6 ~~—— (b) Subject to 15-10-420, the The board shall levy against each 40-acre tract or fractional lot, as~~
7 ~~designated by United States government survey, or platted lot if land is subdivided in lots and blocks (or where~~
8 ~~land is owned in less than 40-acre tracts or in less than the platted lot, against each tract) in the district, that~~
9 ~~portion of the respective total amounts to be raised that the total irrigable area of any tract or lot bears to the total~~
10 ~~irrigable area of the lands in the district, so that each acre of irrigable land in the district is assessed and required~~
11 ~~to pay the same amount as every other acre of irrigable land in the district, unless otherwise specifically provided~~
12 ~~by the board. The board may also charge the administrative charge authorized in 85-7-2103(1).~~

13 ~~—— (c) Indebtedness under subsection (1) includes debt incurred under any contract between the district~~
14 ~~and the United States but excludes any indebtedness incurred by the district on behalf of a subdistrict.~~

15 ~~—— (2) (a) On or before the first Monday in August each year, the board of commissioners of each irrigation~~
16 ~~district organized under parts 1 and 15 for which a subdistrict has been created pursuant to 85-7-404 shall~~
17 ~~determine the total amount to be raised that year for interest and principal payments on the outstanding bonded~~
18 ~~or other indebtedness of the district incurred on behalf of the subdistrict.~~

19 ~~—— (b) The board shall levy against each 40-acre tract or fractional lot, as designated by United States~~
20 ~~government survey, or platted lot if land is subdivided in lots and blocks (or where land is owned in less than~~
21 ~~40-acre tracts or in less than the platted lot, against each tract) in the subdistrict, the portion of the total amount~~
22 ~~to be raised apportioned according to the ratio of the total irrigable area of the tract or lot to the total irrigable~~
23 ~~area of the lands in the subdistrict, so that each acre of irrigable land in the subdistrict is assessed and required~~
24 ~~to pay the same amount as every other acre of irrigable land in the subdistrict, unless otherwise specifically~~
25 ~~provided by the board. The board may also charge the administrative charge authorized in 85-7-2103(1).~~

26 ~~—— (3) In the event that the ownership of any 40-acre tract or other subdivision of land in the district or~~
27 ~~subdistrict is divided after a special tax or assessment against the land has been levied, each of the owners of~~
28 ~~a tract or subdivision is entitled to have the special tax or assessment equitably apportioned to and against the~~
29 ~~divisions of the tract or subdivision, so that each owner is enabled to pay a special tax or assessment against~~
30 ~~the owner's portion of the tract or subdivision and have the land discharged from the lien. The charge against~~

1 any separately owned tract of land may not be less than \$5."

2
3 ~~Section 22.~~ Section 85-7-2117, MCA, is amended to read:

4 ~~"85-7-2117. Conclusiveness of tax or assessment.~~ In determining the proper and just tax or
5 assessment to be levied against any land for district purposes, the finding of the board of commissioners of the
6 district, in the absence of fraud or mistake and subject to 15-10-420, are conclusive and final, except as
7 otherwise provided in this part."

8
9 ~~Section 23.~~ Section 85-7-2134, MCA, is amended to read:

10 ~~"85-7-2134. Levy of taxes and assessments by county commissioners.~~ If for any reason a levy of
11 taxes or assessments is not made for any irrigation district in any year by the board of commissioners of the
12 district within the time provided by 85-7-2104, the board of county commissioners of the county in which the
13 district is situated shall, not later than the second Monday in August, ascertain the total amount to be raised for
14 all purposes of the district. Subject to 15-10-420, the The board of county commissioners shall make the levy
15 that should have been made by the board of commissioners of the district and shall furnish the county clerk with
16 a list of the lands and the amount of taxes or assessments as provided in 85-7-2136. The levy has the same
17 force and effect as though made by the board of commissioners of the district. This section applies only to
18 irrigation districts having a bonded indebtedness and actually in possession of a dependable water supply
19 system and furnishing substantial amounts of water to bona fide users."

20
21 ~~Section 24.~~ Section 85-7-2136, MCA, is amended to read:

22 ~~"85-7-2136. Collection of taxes or assessment.~~ (1) Subject to 15-10-420 and on On or before the
23 third Monday in August of each year, the board of commissioners shall furnish to the department of revenue a
24 correct list of all the district lands in the county, together with the amount of the total taxes or assessments
25 against the lands for district purposes. The department of revenue shall immediately upon receipt of the list enter
26 the assessment roll in the property tax record of the county for each year.

27 ~~(2) The county treasurer of each county in which any irrigation district is located, in whole or in part, shall~~
28 ~~collect and receipt for all taxes and assessments levied by the district, in the same manner and at the same time~~
29 ~~as is required in the collection of taxes upon real estate for county purposes as provided in 15-16-102. The~~
30 ~~treasurer shall receive from any taxpayer, at any time, the amount due on account of any district assessments~~

1 of any kind, whether other taxes on the same real estate are paid or not.

2 ~~——— (3) During the water delivery season, as determined by the irrigation district commissioners, the county~~
3 ~~treasurer shall make available to the board of commissioners of an irrigation district notice of the receipt of~~
4 ~~payments of district assessments by 9 a.m. on the day following receipt of those payments.~~

5 ~~——— (4) If requested in writing by a board of commissioners of an irrigation district, the county treasurer may~~
6 ~~receive assistance from an employee of the irrigation district or a commissioner of the district for the purpose~~
7 ~~of collecting district assessments as provided in 15-16-102, investing district funds as directed by the board of~~
8 ~~commissioners of the district, and preparing district assessment notices.~~

9 ~~——— (5) When any real estate on account of which the district taxes and assessments have been levied has~~
10 ~~been sold to the county and tax certificate of sale is held by the county, the taxpayer may pay to the treasurer~~
11 ~~at any time any semiannual installment of the district tax or assessment, together with the penalty and interest~~
12 ~~to date of payment on the installment. However, the payment may not be considered a redemption of the~~
13 ~~property from the tax sale but must be credited on account of any redemption that may be made. In case of any~~
14 ~~payment pursuant to this subsection, a separate tax receipt must be issued showing exactly what assessments~~
15 ~~have been paid and showing that no other tax on the real estate has been received by the treasurer. The county~~
16 ~~treasurer may not collect, receive, or receipt for any taxes levied for county purposes upon real estate situated~~
17 ~~wholly or in part within any irrigation district upon which an assessment for the purposes of the irrigation district~~
18 ~~has been levied unless the assessment levied for irrigation district purposes is either paid as permitted in this~~
19 ~~section and the receipt for the payment is presented to the county treasurer at the time the taxes are paid or paid~~
20 ~~at the time the irrigation district taxes are paid."~~

21
22 ~~——— **Section 25.** Section 85-8-601, MCA, is amended to read:~~

23 ~~——— **"85-8-601. Certification and collection of district taxes.** (1) Subject to 15-10-420 and on On or before~~
24 ~~the third Monday in August of each year, the commissioners shall certify to the department of revenue a correct~~
25 ~~list of all the district lands in each county and the owners of the lands, together with a statement of the amount~~
26 ~~of the total tax or assessment against the lands for district purposes for that year. The department of revenue~~
27 ~~shall immediately enter the assessment roll in the property tax record of the county for each year.~~

28 ~~——— (2) The county treasurer of each county in which a drainage district is located, in whole or in part, shall~~
29 ~~collect and receipt for all taxes and assessments levied by the district in the same manner and at the same time~~
30 ~~as is required in the collection of taxes upon real estate for county purposes as provided in 15-16-102. However,~~

1 the treasurer must receive from any taxpayer, at any time, the amount due on account of any district
2 assessments of any kind, whether other taxes on the same real estate are paid or not. When any real estate on
3 account of which the district taxes and assessments have been levied has been sold to the county and tax
4 certificate of sale is held by the county, the taxpayer may pay to the treasurer at any time any semiannual
5 installment of the district tax or assessment, together with the penalty and interest to date of payment on the
6 installment. However, the payment may not be considered a redemption of the property from the tax sale, but
7 must be credited on account of any redemption that may later be made. In case of any payment pursuant to this
8 subsection, a separate tax receipt must be issued showing exactly what assessments have been paid and
9 showing that no other tax on the real estate has been received by the treasurer. However, the county treasurer
10 may not collect, receive, or receipt for any taxes levied for county purposes upon real estate situated wholly or
11 in part within any drainage district upon which an assessment for the purposes of the drainage district has been
12 levied unless the assessment levied for the drainage district purposes is either paid as provided in this section
13 and the receipt is presented to the county treasurer at the time the real estate taxes are paid or paid at the time
14 the drainage district taxes are paid."

15
16 ~~Section 26.~~ Section 85-8-615, MCA, is amended to read:

17 ~~"85-8-615. Procedure to levy additional assessments.~~ Subject to 15-10-420, if ~~If~~ in the first
18 assessment for construction the commissioners reported to the court a smaller sum than is needed to complete
19 the work of construction or if in any year an additional sum is necessary to pay the lawful indebtedness of the
20 drainage district, further or additional assessments on the land (including improvements where benefited) and
21 corporations benefited, proportioned on the last assessment of benefits that has been approved by the court,
22 must be made by the commissioners of the drainage district under the order of the court. However, the total
23 assessments for original construction and any additional assessments, other than for maintenance, incidental
24 expense, and interest on bonds, may not exceed the total assessments of benefits as provided in 85-8-342.
25 Notice of the hearing of the application for the additional assessment must be published at least once each week
26 for 3 consecutive weeks in one newspaper published in each county in which the lands, or any part of the lands,
27 within the district are situated. The further or additional assessment may be made payable in installments as
28 specified in 85-8-611 and must be treated and collected in the same manner as the original assessments for
29 construction confirmed by the court in the drainage district."

1 ~~Section 27.~~ Section 85-8-618, MCA, is amended to read:

2 ~~"85-8-618. Assessment of unassessed, benefited lands.~~ Whenever any lands from which surface
3 ~~or seepage water enters any drain or upon which or through which surface or seepage water has been~~
4 ~~prevented from flowing because of the construction of any drain have not been included within the drainage~~
5 ~~district that constructed the drains or drain or the owner of any irrigation ditch or canal from which water seeps,~~
6 ~~drains, or wastes to, upon, or through lands included within a drainage district has not been assessed for the~~
7 ~~cost of construction of the drainage system of the drainage district, the commissioners of the district may report~~
8 ~~the facts to the court and ask that the lands be brought into the district and assessed for their proportionate share~~
9 ~~of the cost of the drainage system. Subject to 15-10-420, the~~ The report may ask that the owner of any irrigation
10 ~~ditch or canal be assessed its proportionate share of the costs of construction of the drainage system. The same~~
11 ~~proceedings as set out in 85-8-421 through 85-8-424 for the determination and levy of assessments against~~
12 ~~drained lands outside of the drainage district receiving benefits from the drainage of the district must be~~
13 ~~commenced to determine the proper assessments, if any, to be levied against the lands and the owner of the~~
14 ~~irrigation ditch or canal to aid in payment of costs of construction."~~

15
16 NEW SECTION. **Section 21. Electronic submission of bids.** Any bid for the purchase of bonds to
17 be submitted in writing or as a sealed bid may also be submitted by facsimile or other electronic transmission
18 or through an electronic bidding system, as authorized by the governing body in the resolution authorizing the
19 sale of the bonds.

20
21 NEW SECTION. **Section 22. Pooling of special improvement district bonds and sidewalk, curb,**
22 **gutter, or alley approach bonds.** (1) If the city council determines by resolution that the pooling of bonds of one
23 or more special improvement districts of the city with bonds issued to finance sidewalks, curbs, gutters, or alley
24 approaches under 7-14-4109 will facilitate the sale of the bonds under more advantageous terms or with lower
25 interest rates, the city may issue bonds of the district or districts and those sidewalk, curb, gutter, or alley
26 approach bonds combined in a single offering. These bonds must be secured by the special improvement district
27 revolving fund of the city.

28 (2) The title of the bonds issued pursuant to this section must denote that bonds have been pooled and
29 must refer to the numbers of the district or districts and the additional improvements to be financed. The bonds
30 must be drawn against a sinking fund that has separate accounts for each special improvement district and a

1 separate account for those additional improvements combined for financing purposes, into which accounts must
2 be payable the assessments levied in each of the districts or in respect of those improvements.

3
4 **NEW SECTION. Section 23. Codification instruction.** (1) [Section ~~28~~ 21] is intended to be codified
5 as an integral part of Title 17, chapter 5, part 1, and the provisions of Title 17, chapter 5, part 1, apply to [section
6 ~~28~~ 21].

7 (2) [Section ~~29~~ 22] is intended to be codified as an integral part of Title 7, chapter 12, part 41, and the
8 provisions of Title 7, chapter 12, part 41, apply to [section ~~29~~ 22].

9
10 **NEW SECTION. Section 24. Effective date.** [This act] is effective on passage and approval.

11 - END -